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201 S. Main Street, Suite 1100
Salt Lake City, Utah 84111
main 801.328.3131
fax 801.578.6999
www.stoel.com

May 10, 2004

RICHARD R. HALL
Direct (801) 578-6960
rrhall@stoel.com

Jerry D. Olds
State Engineer
P.O. Box 146300
Salt Lake City, UT 84114-6300

Re: Distribution of Water on Burnt Fork and Beaver Creek

Dear Mr. Olds:

This letter is in follow up to your response dated March 22, 2004. I have had the opportunity to review your response and have discussed your response with my client, the Hanks Family Ranch, LP (the "Hanks"). Although we appreciate the response to some of the points, overall, we are disappointed in the State's decision to take no action on these issues. We feel these issues warrant the State's action, and the State's decision to take no action on these matters is not fully justified.

In light of the State's position that it lacks the resources to address the individual issues raised by the Hanks, we respectfully submit only one broad issue for the State's consideration. Article XII of the Upper Colorado River Compact (the "Compact") mandates that "Waters diverted from Henry's Fork, Beaver Creek, Burnt Fork, Birch Creek and their tributaries, shall be administered without regard to the state line on the basis of an interstate priority schedule to be prepared by the States affected and approved by the Commission in conformity with the actual priority of right of use, the water requirements of the land irrigated and the acreage irrigated in connection therewith." It has been over 50 years since the Compact was signed. Yet to date, the States of Utah and Wyoming have failed to fully comply with the Compact's mandates. It is our understanding that both states have taken the initial steps towards the uniform regulation of the drainages, have produced the maps necessary to identify the overlapping water rights, and that Wyoming awaits the delineation of Utah's sole supply acreages. We now request that the State of Utah undertake the next steps in complying with the remaining obligations under the Compact.

It is our belief that if the Henry's Fork and Beaver Creek drainages were uniformly administered as mandated by the Compact, without regard to the state line, the Hanks' principal concerns raised in the January 28, 2004 letter would be resolved. Based on our discussions with

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the State of Wyoming, they are committed to doing their part to comply with the Compact, but cannot do so without the State of Utah's participation.

Accordingly, we repeat our request that the State of Utah make it a priority to meet its obligation under the Compact, ensuring that the drainages are administered uniformly. Besides Utah needing to determine sole supply acreages and verify the G.I.S. attributing, we further recommend that for uniform fairness either the State of Utah apply the one cfs per 70 acres of irrigated land standard as applied by Wyoming or that Wyoming adopt Utah's apparent standard of one per 50. We recognize that the applicable standard must be worked out between the States; and by copying Wyoming with this letter we ask that the two states explore a dialogue about resolving this additional discrepancy against the provision of the Compact. Otherwise, it may become necessary to call upon the Compact Commission.

We respectfully request the State of Utah immediately join with Wyoming in undertaking these necessary actions to comply with the Compact's mandate.

Sincerely,

Richard R. Hall

cc: Lee Sim
Bob Leake
Jade Henderson
Pat Tyrell
Clyde Hanks
Ken Hanks